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Mr. Keller

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UNITED STATES GENERAL ACCOUNTING OFFICE

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STATEMENT OF
ELMER B. STAATS
COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION
AND FEDERAL SERVICES
OF THE
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ON
S. 3411, 95th Congress
S. 3412, 95th Congress

Subject

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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to appear here today in support of two bills--S. 3411 and S. 3412--that affect the General Accounting Office.

First of all, I want to express my personal appreciation to you, Mr. Chairman, for your introduction of these two bills. I know that we share a common objective in finding ways to strengthen the General Accounting Office as an oversight arm of the Congress. Our workload has grown and the matters with which we must deal have become increasingly complex over the years. This Committee and the House Committee on Government Operations have had a special relationship to the General Accounting Office and, indeed, these Committees share in the oversight of the work of the General Accounting Office itself. We will need your support in the years ahead.

The bills which you have under consideration today have been the subject of careful study by us over a long period of time. In our opinion the enactment of these bills will strengthen the basic charter of the General Accounting Office, and will enable us to better serve the Congress in the years ahead. Similar bills, H.R. 12845 (to provide for employment and compensation of employees of GAO without regard to certain provisions of title 5, United States Code) and H.R. 12196 (to provide for cost-of-living

adjustments in the annuity of a retired Comptroller General and for other purposes), have been introduced in the House of Representatives during this session of the Congress. The latter, H. R. 12196 was passed by the House of Representatives on July 25, 1978. H. R. 12845 is pending before the House Committee on Post Office and Civil Service.

With your permission, Mr. Chairman, I would like first to discuss S. 3412 as well as respond to any questions you have on the bill.

In 1953 a separate retirement system was enacted for the Comptroller General. The office was considered similar in character, tenure, and independence to the office of a Federal judge. Accordingly, its provisions were patterned after their retirement benefits. A Comptroller General is not eligible for reappointment after serving his 15-year term, and that period was viewed to be of insufficient longevity to give entitlement to an annuity under the civil service retirement act commensurate with the responsibilities of the office.

The significant difference between the retirement benefit of a Comptroller General and a Federal judge is that while both retire at full salary a retired judge's annuity is adjusted by the same increase and at the same time that an active judge's salary is increased. A retired Comptroller General under existing law

receives no adjustment. The proposed legislation would provide for cost-of-living adjustments on a retired Comptroller General's annuity by an identical formula to that provided for annuitants under the civil service retirement act.

In 1959 the Comptroller General's retirement law was amended to provide survivorship benefits on substantially the same basis as those provided under a 1956 law for survivors of Federal judges. The surviving spouse of a retired Comptroller General or Federal judge receives an annuity based on a statutory formula. The ceiling by law for both prior to 1976 was 37-1/2 percent of the average salary for the last 5 years of creditable service, and with specified monetary and age limitations for dependent children. In 1976 the program for providing annuities to survivors of Federal judges was updated. An important aspect was the authorization of a cost-of-living adjustment. No adjustment of any kind in a Comptroller General's survivor's annuity is now authorized.

The proposed amendment to the Comptroller General retirement survivorship provisions would authorize a cost-of-living adjustment for his survivors. The amendment would make certain other amendments to the Comptroller General survivorship law similar to those which judges received under the 1976 amendment to their survivorship law.

S. 3412 would modify the House-passed bill for the current and previous Comptrollers General by limiting the cost-of-living adjustments which could be provided to a maximum of the salary of the incumbent Comptroller General. This would present no difficulty for the previous Comptroller General who retired at a salary of \$30,000 and which is the amount of the retirement benefit which he currently receives. The apparent intent of the proposed change is to avoid a situation where a retired Comptroller General might receive in retirement benefits an amount in excess of the salary of an incumbent Comptroller General. I fully appreciate the reasoning behind this limitation. This would be consistent with the annuity of a Federal judge to the extent that a judge receives the current salary of the Office during retirement, although he is not limited by cost-of-living adjustments as proposed in S. 3412.

The bill which I submitted and was passed by the House applied the same principle now in effect for cost-of-living adjustments of individuals under the civil service retirement system, that is, to maintain the value of the retirement benefit so that it would not depreciate with inflation. Currently, retirees under the civil service retirement system with long service can earn in retirement benefits, including cost-of-living adjustments, an amount in excess of the salaries for individuals who remained in the service. This arises because of the statutory pay ceilings which have been in effect.

While we have no data as to the number of such instances which have taken place to date, it would seem likely to be relatively few in number. The number would depend upon the length of service of the retiree and how long the statutory ceilings are in effect. Under our proposal this could happen in the case of a retired Comptroller General, depending upon the adjustments made in the salary of the incumbent. While I believe the principle which we applied is sound, I nevertheless recognize the argument behind the proposed change and am agreeable to it. If this approach is adopted, I recommend that the bill be amended to omit the cost-of-living adjustment provision for a retired Comptroller General, thus following the exact pattern of adjustments in the retirement pay for Federal judges. The cost-of-living adjustments for survivors should be retained.

Another change incorporated in S. 3412 would provide that my successor and future Comptrollers General would be required to contribute 8 percent of his salary for retirement and survivor benefits during the period of active service. While this provision would not apply to me, I would hope that the principle of having the Comptroller General's compensation equated with that of Federal judges would continue to be applied. The effect of the proposed change would be to reduce the salary of future Comptrollers General in relation to that of Federal judges who pay only for survivorship benefits.

We believe that the Congress was fully aware of the non-contributory feature of the retirement benefits for Federal judges

when it enacted the basic legislation. We also believe that the Congress was aware of this provision in 1953 in equating the Comptroller General's salary and benefits with those of Federal judges. This same principle was applied in establishing salary and retirement benefits for the Director of the U.S. Courts, the Director of the Federal Judicial Center, and the Administrative Assistant to the Chief Justice. I recommend that the Congress continue the present arrangement with respect to non-contributory retirement. Behind this is a desire on the part of Congress to provide through tenure and compensation a motive to continue in office and not seek remunerative employment after retirement. It was designed also to remove any perception on the part of anyone that decisions made by these individuals, including the Comptroller General, could be colored in any way by any motivation other than complete objectivity and independence.

It should be noted in this connection that the Comptroller General, like a Federal judge, receives no retirement benefits at all unless he satisfies the conditions set forth in the statute with respect to tenure. In the case of the Comptroller General, he receives no benefits of any kind unless he serves out the full 15-year term or unless he is disabled and is unable to serve--and then only after 10 years in office or on reaching the age of 70 with 10 years of service.

The bill submitted to the Congress proposed that the deduction from the Comptroller General's pay for survivorship benefits be increased from 3 percent of salary to 4-1/2 percent. We did this in order to have the amount be the same as that approved for the judges in 1976. In doing so, we recognized that the survivorship benefits requested for a Comptroller General's survivors are more limited than those provided for judges by the 1976 amendments in several respects. The cost of providing for the survivorship benefits for judges therefore is greater than that for survivors of Comptrollers General. Even so, it was our view that the provision providing for cost-of-living adjustments for retired Comptrollers General and that of their survivors warranted an increase and it was our judgment that absent any way to make an actuarial calculation the figure of 4-1/2 percent was not unreasonable.

With respect to 8 percent contribution, it should be noted that section 319 of the Budget and Accounting Act requires that the contribution toward the survivorship benefits continue after retirement for the life of the retired Comptroller General or Federal judge. This is not required for a retired Member of Congress or anyone else under the civil service retirement system. In my own case, I will have contributed for 20 years at the time I retire and 4-1/2 percent of my retirement benefits thereafter.

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In closing, I wish to express my sincere appreciation for your scheduling this hearing. I had some reluctance in proposing the

bill for the retirement of Comptrollers General since it involved me personally. Only two other individuals are affected: Mr. Joseph Campbell, my predecessor, and Mrs. Lindsay C. Warren, widow of his predecessor. However, there is an inequity involved since Comptrollers General and their survivors apparently are the only persons in the Federal service whose benefits are not adjusted to take into account cost-of-living increases. But even more important is the need to maintain the compensation relationship of the Comptroller General and that of Federal judges. This can be important as my successor is selected as it was to me. Over the long run, it will be important as another way as a way to recognize the objectivity and independence of the Comptroller General and the confidence which the Congress places in him.

We hope that S. 3412 will be given prompt and favorable consideration by the Congress.

Mr. Chairman, this completes my prepared statement on S. 3412. We would be pleased to answer any questions you have on this bill at this time.